

Exhibit 4



UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Consolidated Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statements of Financial Position	2
Consolidated Statement of Activities for the year ended December 31, 2011	3
Consolidated Statement of Activities for the year ended December 31, 2010	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

The Administrative Committee
United States Conference of Catholic Bishops:

We have audited the accompanying consolidated statements of financial position of the United States Conference of Catholic Bishops (USCCB) as of December 31, 2011 and 2010, and the related consolidated statement of activities and cash flows for the years then ended. These financial statements are the responsibility of USCCB's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USCCB's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the December 31, 2011 and 2010 financial statements referred to above present fairly, in all material respects, the financial position of the United States Conference of Catholic Bishops as of December 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

July 12, 2012

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Consolidated Statements of Financial Position

December 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ 5,361,587	6,362,286
Short-term investments (note 6)	5,046,430	7,054,385
Accounts receivable (note 2):		
Resettlement and other programs – government agencies, net	22,276,356	24,484,732
Other, net	2,356,277	2,027,553
Contributions receivable (note 2)	69,854,186	70,803,529
Inventories, net, prepaid expenses and other assets	1,187,741	1,921,407
Long-term investments (note 6)	223,921,948	221,513,229
Property and equipment, net (note 4)	15,539,765	14,692,240
Total assets	<u>\$ 345,544,290</u>	<u>348,859,361</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 21,426,031	21,726,352
National collections grants payable	28,542,640	26,773,923
Accrued pension liability (note 9)	44,651,466	33,724,764
Accrued postretirement benefit liability (note 10)	34,802,168	29,113,065
Total liabilities	<u>129,422,305</u>	<u>111,338,104</u>
Net assets:		
Unrestricted net assets:		
General funds:		
General operating fund	10,140,397	19,030,037
Building fund	25,379,475	26,510,745
General reserve fund	5,000,000	5,000,000
Catechism fund	536,849	520,895
Local legislative initiatives fund	—	155,413
Quasi-endowment fund (note 8)	18,355,845	18,709,829
Current operating fund	(62,117,509)	(41,715,547)
National collections (note 5)	81,022,395	75,319,866
National Religious Retirement Office (note 5)	24,478,426	23,095,887
Total unrestricted net assets	<u>102,795,878</u>	<u>126,627,125</u>
Temporarily restricted net assets (note 5):		
National collections	74,971,019	71,837,128
National Religious Retirement Office	38,169,058	38,902,004
Total temporarily restricted net assets	<u>113,140,077</u>	<u>110,739,132</u>
Permanently restricted net assets (note 8)	<u>186,030</u>	<u>155,000</u>
Total net assets	<u>216,121,985</u>	<u>237,521,257</u>
Commitments and contingencies (note 12)		
Total liabilities and net assets	<u>\$ 345,544,290</u>	<u>348,859,361</u>

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Consolidated Statement of Activities

Year ended December 31, 2011

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues, gains and other support:				
Contributions:				
Diocesan assessments	\$ 10,322,956	—	—	10,322,956
National collections	—	88,943,307	—	88,943,307
Grants, bequests and other	3,317,552	—	25,000	3,342,552
Government contracts and grants revenue (note 3)	67,862,160	—	—	67,862,160
Income on investments (note 7)	8,346,227	—	6,030	8,352,257
Sale of publications	7,526,020	—	—	7,526,020
Royalty income	1,786,217	—	—	1,786,217
Collection fees on refugee loans	3,764,244	—	—	3,764,244
Contributed services	460,826	—	—	460,826
Other	3,659,009	—	—	3,659,009
	107,045,211	88,943,307	31,030	196,019,548
Net assets released from restrictions	86,542,362	(86,542,362)	—	—
Total operating revenues, gains and other support	193,587,573	2,400,945	31,030	196,019,548
Operating expenses:				
Program services:				
Grants and donations	76,133,163	—	—	76,133,163
Sub-recipient government contract expenses	57,262,625	—	—	57,262,625
Pastoral activities	7,073,241	—	—	7,073,241
Communications, Policy & Advocacy activities	39,528,067	—	—	39,528,067
National collections	5,734,593	—	—	5,734,593
Total program expenses	185,731,689	—	—	185,731,689
Supporting services:				
Management and general	10,081,640	—	—	10,081,640
Total supporting services expenses	10,081,640	—	—	10,081,640
Total operating expenses	195,813,329	—	—	195,813,329
(Decrease) increase in net assets from operations	(2,225,756)	2,400,945	31,030	206,219
Nonoperating activities:				
Unrealized appreciation (loss) on investments (note 7)	(6,624,747)	—	—	(6,624,747)
Pension related expenses other than net periodic pension cost (notes 9 and 10)	(14,980,744)	—	—	(14,980,744)
Total nonoperating activities	(21,605,491)	—	—	(21,605,491)
Change in net assets	(23,831,247)	2,400,945	31,030	(21,399,272)
Net assets, beginning of year	126,627,125	110,739,132	155,000	237,521,257
Net assets, end of year	\$ 102,795,878	113,140,077	186,030	216,121,985

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Consolidated Statement of Activities

Year ended December 31, 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues, gains and other support:				
Contributions:				
Diocesan assessments	\$ 10,143,979	—	—	10,143,979
National collections	—	116,269,157	—	116,269,157
Grants, bequests and other	1,285,589	—	155,000	1,440,589
Government contracts and grants revenue (note 3)	69,377,785	—	—	69,377,785
Income on investments (note 7)	7,311,250	—	—	7,311,250
Sale of publications	7,683,406	—	—	7,683,406
Royalty income	2,049,007	—	—	2,049,007
Collection fees on refugee loans	3,166,625	—	—	3,166,625
Contributed services	570,842	—	—	570,842
Other	2,563,081	—	—	2,563,081
	<u>104,151,564</u>	<u>116,269,157</u>	<u>155,000</u>	<u>220,575,721</u>
Net assets released from restrictions	<u>73,093,976</u>	<u>(73,093,976)</u>	<u>—</u>	<u>—</u>
Total operating revenues, gains and other support	<u>177,245,540</u>	<u>43,175,181</u>	<u>155,000</u>	<u>220,575,721</u>
Operating expenses:				
Program services:				
Grants and donations	74,395,963	—	—	74,395,963
Sub-recipient government contract expenses	58,960,307	—	—	58,960,307
Pastoral activities	8,149,401	—	—	8,149,401
Communications, Policy & Advocacy activities	31,218,266	—	—	31,218,266
National collections	4,552,718	—	—	4,552,718
Total program expenses	<u>177,276,655</u>	<u>—</u>	<u>—</u>	<u>177,276,655</u>
Supporting services:				
Management and general	9,535,157	—	—	9,535,157
Total supporting services expenses	<u>9,535,157</u>	<u>—</u>	<u>—</u>	<u>9,535,157</u>
Total operating expenses	<u>186,811,812</u>	<u>—</u>	<u>—</u>	<u>186,811,812</u>
(Decrease) increase in net assets from operations	<u>(9,566,272)</u>	<u>43,175,181</u>	<u>155,000</u>	<u>33,763,909</u>
Nonoperating activities:				
Unrealized appreciation on investments (note 7)	16,274,654	—	—	16,274,654
Pension related expenses other than net periodic pension cost (notes 9 and 10)	(3,635,994)	—	—	(3,635,994)
Net contribution received in donation of NRRO to the USCCB (note 1)	18,314,894	39,032,988	—	57,347,882
Total nonoperating activities	<u>30,953,554</u>	<u>39,032,988</u>	<u>—</u>	<u>69,986,542</u>
Change in net assets	<u>21,387,282</u>	<u>82,208,169</u>	<u>155,000</u>	<u>103,750,451</u>
Net assets, beginning of year	<u>105,239,843</u>	<u>28,530,963</u>	<u>—</u>	<u>133,770,806</u>
Net assets, end of year	<u>\$ 126,627,125</u>	<u>110,739,132</u>	<u>155,000</u>	<u>237,521,257</u>

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (21,399,272)	103,750,451
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Net contribution received in donation of NRRO to the USCCB (note 1)	—	(57,347,882)
Allowance for doubtful accounts and obsolescence	5,034,127	20,788
Depreciation expense	1,160,277	1,037,164
Net realized and unrealized appreciation on long-term investments	3,036,338	(13,813,353)
(Increase) decrease in operating assets:		
Accounts receivable:		
Resettlement and other programs – government agencies	(2,720,736)	(5,642,580)
Other	(433,739)	(142,256)
Contributions receivable	949,343	(57,722,653)
Inventories, prepaid expenses and other assets	733,666	(193,599)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(300,321)	2,205,827
National collections grants payable	1,768,717	848,587
Accrued pension liability	10,926,702	2,788,119
Accrued postretirement benefit liability	5,689,103	2,122,316
Net cash provided by (used in) operating activities	<u>4,444,205</u>	<u>(22,089,071)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,007,802)	139,506
Sales of investments	129,630,913	119,909,572
Purchases of investments	(133,068,015)	(131,002,270)
Investments received in donation of NRRO to the USCCB (note 1)	—	28,997,417
Net cash (used in) provided by investing activities	<u>(5,444,904)</u>	<u>18,044,225</u>
Decrease in cash and cash equivalents	(1,000,699)	(4,044,846)
Cash and equivalents, beginning of year	<u>6,362,286</u>	<u>10,407,132</u>
Cash and equivalents, end of year	<u>\$ 5,361,587</u>	<u>6,362,286</u>

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(1) Organization

The United States Conference of Catholic Bishops (USCCB or the Conference) is a an assembly of the hierarchy of the United States and the U.S. Virgin Islands who jointly exercise certain pastoral functions on behalf of the Christian faithful of the United States. The purpose of the Conference is to promote the greater good which the Church offers humankind. This purpose is drawn from the universal law of the Church and applies to the Episcopal conferences which are established all over the world for the same purpose.

All Catholic bishops and eparchs in the United States constitute the membership of the Conference and are served by a staff of lay people, priests, deacons, and religious located at the Conference headquarters in Washington, DC.

The accompanying consolidated financial statements include the accounts of the General Funds, the Current Operating Fund, which includes the various committees and activities of USCCB, USCCB national collections including the National Religious Retirement Office (NRRO), the Confraternity of Christian Doctrine, Inc. (CCD) and St. John's Hall (Staff House). CCD is a District of Columbia nonprofit corporation created in 1939, whose current activity is to hold and manage the copyrights on the New American Bible. All intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

The General Fund is comprised of five funds: General Operating, Building, General Reserve, Catechism and Quasi-Endowment. The General Operating Fund derives revenue from diocesan assessments, investment income and other sources. This revenue is used primarily to finance the current operations of USCCB. The Building Fund includes the land, buildings, furniture and equipment of USCCB offices, the Saint John's Hall staff house facilities located in Washington D.C., and improvements to the Villa Stritch staff house facilities in Rome. The General Reserve Fund was designated in 1993 for sudden, unusual, ad hoc and/or short term projects. The Catechism Fund was established in 1995 to account for operations related to the publishing, sale, promotion and distribution of the United States release of the *Catechism of the Catholic Church*. The Quasi-Endowment Fund was established in 1997 to help offset future increases in the diocesan assessments by applying an annual spending rate to use for current operations. The Local Legislative Initiatives Fund was closed in 2011 and had not had any activity in the three years prior to closing the fund.

The Current Operating Fund represents the accumulated operations of USCCB's activities, after transfers from the General Operating Fund. The principal activities included in the Current Operating Fund are Pastoral Activities, Management and general activities and Communications, Policy and Advocacy.

Communications, Policy and Advocacy activities broadly categorized include, but are not limited to, the production of news, educational and catechetical content; the sharing of the teachings of the Church that have some bearing on public policy; and advocacy which is realized through the staff of the Government Relations Office.

National collections are summarized as follows:

The Catholic Relief Services Collection (CRSC, formerly ABOA and also known as the Laetare Sunday collection) is an annual appeal, which provides funding for CRS and other identifiable

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

overseas aid programs such as the relief works of the Holy Father, Migration and Refugee Services (MRS), JPHD, and the Catholic Legal Immigration Network, Inc. (CLINIC). Application of this revenue is recorded as grants and donations expense if used to finance related and other organizations and recorded as national collections expenses if used to finance costs associated with national collections activities.

Catholic Campaign for Human Development (CCHD) is the domestic anti-poverty social justice program of USCCB. Its mission is to address the root causes of poverty in the United States through promotion and support of community-controlled self-help organizations, and through transformative education. CCHD receives contributions from dioceses of 75% of a national collection. The remaining 25% of the collection is retained by the dioceses for use in local human development programs.

Collection for the Church in Latin America (CLA) gives assistance to the Catholic Church within countries of Latin America and the Caribbean.

Catholic Communication Campaign (CCC) contributes to the process of evangelization by fostering activities related to television, radio, print, internet, and other media. 50% of what is collected locally is used for priority projects of the bishops for national distribution, following recommendations by the USCCB Communications Committee. The remaining portion of the collection is retained by dioceses for use in local communications projects.

Catholic Home Missions Appeal (CHMA) gives financial support to missionary activities that strengthen and extend the presence of the Church in the United States and its dependencies.

Aid to the Church in Central and Eastern Europe (AEE) helps restore pastoral capacity in that area.

Separate financial records are maintained by other activities not directly under the control of USCCB, but related to the mission of the Catholic Church. The following activities are excluded from the accompanying financial statements and are audited separately:

Catholic Legal Immigration Network, Inc. (CLINIC)

Catholic Relief Services, Inc. (CRS)

Basilica of the National Shrine of the Immaculate Conception

Commission on Certification and Accreditation

The National Religious Retirement Office (NRRO) was established in 1987 by the Conference of Major Superiors of Men, the Leadership Conference of Women Religious and the United States Conference of Catholic Bishops. In 1995, the Council of Major Superiors of Women Religious became the fourth sponsoring entity. NRRO is responsible for coordinating the annual Retirement Fund for Religious national collection as authorized by the Bishops of the United States. Prior to 2010, NRRO was a related party whose financial activities were not required to be included in the USCCB consolidated financial statements in accordance with the accounting guidance for reporting of related entities by not for profit organizations because control of and economic interest in NRRO did not rest with the USCCB. In 2010, the nature of the relationship between the related parties was amended such that an agreement was reached among the respective sponsoring entities granting control to USCCB which required consolidation in 2010.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

The contribution of NRRO in 2010 was accounted for as an acquisition under accounting guidance followed by not for profit entities for mergers and acquisitions. Accordingly, since no consideration was paid in connection with the acquisition, the excess of net assets acquired over liabilities is reflected in the statement of activities as a net contributions to the USCCB. The net contribution consisted of the following:

Receivables	\$ 28,576,393
Investments	28,997,417
Accounts and grants payable	<u>(225,928)</u>
Net contribution	<u>\$ 57,347,882</u>

The consolidated statements of activities for the year ended December 31, 2010 reflect the activities of NRRO subsequent to the January 1, 2010 date of contribution.

(2) Significant Accounting Policies**(a) Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Net assets and related revenues, gains and other support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets

Includes all resources that are expendable for carrying out USCCB's mission that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of USCCB pursuant to those stipulations.

Permanently Restricted Net Assets

Net assets whose use is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income utilized for operating or other donor-restricted purposes.

All inter-fund transactions and balances have been eliminated in the accompanying consolidated financial statements.

(b) Cash and Cash Equivalents

USCCB considers all highly liquid financial instruments having an original maturity of three months or less to be cash equivalents, except for cash or money market accounts held by external managers.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(c) *Short-Term and Long-Term Investments*

Pooled investments include those of CRSC, CCHD, CLA, CCC, CHM, AEE, and NRRO and consist of both short-term and long-term investments. The pooled investments are managed by independent investment managers, and the securities are held by bank custodians. Selected investment portfolios also include assets of CRS and CLINIC, however, proportional ownership of those portfolios is separately reported by the custodian bank and amounts owned by CRS and CLINIC are not reported in the accompanying consolidated financial statements. The pooled investment fund is comprised of domestic and foreign equity and fixed income securities, fund of funds, mortgage and asset-backed securities and U.S. government and agency securities. Investment income, including realized gains (losses) is included in operating revenues, gains and other support, while net unrealized appreciation (depreciation) is reported as nonoperating activity in the accompanying consolidated statements of activities.

Short-term investments, at fair value, consist of government and corporate obligations with original maturities of one year or less as of December 31, 2011 and 2010. Long-term marketable equity securities and debt securities included in the pooled investments are carried at fair value as determined by quoted market sources.

All investments are exposed to various risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investments, it is at least possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

(d) *Contributions*

Diocesan assessments represent the current year's assessment to each diocese. National collections represent USCCB's share of the proceeds of the current year's collections. Grants and contributions received, including national collections, which are restricted by the donor for a specific purpose, are recorded as temporarily restricted in accordance with the donors' intent and are released to unrestricted net assets upon expenditure of the funds. Unrestricted grants, bequests and other contributions are recorded as income when an unconditional promise to give is received.

(e) *Inventories*

Inventories are valued at the lower of cost or market with cost being determined on the average cost basis. At December 31, 2011 and 2010, inventories are comprised primarily of publications for sale and are reflected in the accompanying consolidated statements of financial position net of an allowance for obsolete inventory of \$124,300 and \$110,500, respectively.